

Message Text

CONFIDENTIAL

PAGE 01 ACCRA 00348 181815Z

61

ACTION AID-20

INFO OCT-01 AF-10 EUR-25 ISO-00 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 IGA-02 AGR-20

DRC-01 /135 W

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R 181601Z JAN 74

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC 2277

AMEMBASSY LONDON

C O N F I D E N T I A L ACCRA 0348

E.O. 11652: GDS

TAGS: EFIN PFOR GH EAID

SUBJ: DEBT AND AID - VISIT OF DR. SAMUEL ADAMS, AID/W

1. SUMMARY - IN COURSE VISIT ASSISTANT AID ADMINISTRATOR, DR. ADAMS, QUESTION OF DEBT SETTLEMENT AND LITS LINKAGE TO AID INVENTIABLY CAME UP. GOG COMMENTS (FROM CHAIRMAN NRC ON DOWN) STRESSED DESIRE FOR SETTLEMENT WHICH GAVE GOG GRACE PERIOD AND OTHER REPAYMENT CONDITIONS PERMITTING REALISTIC OBLIGATION ON ITS PART. CONTRACT REVIEW, MOREOVER, COULD BE HASTENED IF CREDITORS RESPONDED QUICKLY WITH DATA. MISSION CONSIDERS GOG POSITION RESPONSIBLE AND REASONABLY ENCOURAGING. END SUMMARY.

2. IN COURSE OF VISIT ASSISTANT AID ADMINISTRATOR FOR AFRICA, DR. SAMUEL ADAMS, QUESTION OF LINKAGE BETWEEN DEBT SETTLEMENT AND CONTINUING AID AROSE IN VARIOUS CONTEXTS, NOTABLY DISCUSSIONS WITH FORMER ABMASSADOR DEBRAH (NOW HEAD OF NRC SECRETARIAT), COMMISSIONER FOREIGN AFFAIRS, MAJOR BAAH; NEW COMMISSIONER FOR ECONOMIC PLANNING, MAJOR FELLI; AND IN COURTESY CALL ON NRC CHAIRMAN, COLONEL ACHEAMPONG.

3. IN EACH INSTANCE DR. ADAMS REITERATED OUR BASIC POSITION,
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PAGE 02 ACCRA 00348 181815Z

NOTING AS APPROPRIATE THE IMPORTANCE OF THE SETTLEMENT TO THE

RANGE OF GHANA/US ECONOMIC RELATIONS, THE LIBERAL NATURE OF THE TERMS PROPOSED BY THE CREDITORS, THE DESIRABILITY OF BRINGING THE CREDITOR/DEBTOR TALKS TO A SATISFACTORY CONCLUSION AS QUICKLY AS POSSIBLE, AND THE RELEVANCE TO THIS GOAL OF THE CONTRACT REVIEW PROBLEM. AS A RULE, THE GHANAIAIN INTERLOCUTORS DID NOT GET INTO DETAILS, BUT THE CONSISTENT ELEMENTS OF THEIR REPLY ARE WORTH REPORTING:

A. GENERAL TONE OF GOG ATTITUDE PERHAPS BEST ILLUSTRATED BY CHAIRMAN WHO TOLD DR. ADAMS THAT GHANA DOCTRINE OF SELF-RELIANCE WAS A POLICY WHEREBY GHANA COULD REDUCE UNNECESSARY FOREIGN COSTS IN SUCH AREAS AS AGRICULTURE, IN ORDER TO FIND MORE FUNDS FOR ITS DEVELOPMENT. SELF-RELIANCE DID NOT REPEAT NOT MEAN GHANAIAIN DISINTEREST IN EXTERNAL ASSISTANCE.

B. FROM THE CHAIRMAN ON DOWN, THE DESIRABILITY OF A DEBT SETTLEMENT WAS RECOGNIZED. EQUALLY STRONG, HOWEVER, WAS THE VIEW THAT A SETTLEMENT WHICH DID NOT REALISTICALLY RECOGNIZE GHANA'S CAPACITY TO REPAY WOULD BE A GREAT MISTAKE FOR ALL CONCERNED. CHAIRMAN SAID GHANA WANTS TO REPAY ITS DEBTS BUT COULD NOT COMMIT ITSELF TO TERMS WHICH MIGHT FACE IT AGAIN WITH INABILITY TO DO SO.

C. THE IMPORTANCE OF THE TEN-YEAR GRACE PERIOD WAS REPEATEDLY STRESSED. AS ACHEAMPONG SPECIFICALLY STATED, SUCH A PERIOD WAS NECESSARY TO IMPLEMENT THE FIVE-YEAR PLAN WHICH GOG PLANNING TO PRODUCE THIS YEAR, ESPECIALLY BECAUSE OF THE EXPECTED FOCUS ON AGRICULTURE, WHERE TIME IS REQUIRED FOR SUBSTANTIAL RESULTS.

D. SIMILAR STRESS WAS LAID ON THE CONTRACT REVIEW PROBLEM. GOG REPRESENTATIVES SAID THAT IF THE CREDITORS WOULD PRODUCE THE *NFORMATION REQUESTED (AND AGREED TO), THE ISSUE COULD BE DECIDED IN SHORT ORDER. ONE OFFICIAL SUGGESTED THAT INSTRUCTIONS COULD BE GIVEN DEBT REVIEW COMMITTEE COMPLETE REVIEW IN TWO WEEKS, BUT MATERIAL NEEDED FIRST AND SOON. (IF, AS WE SUSPECT, SOME OF THE CREDITORS ARE DELIBERATELY STALLING ON THIS INFORMATION, IT CAN HAVE NO OTHER RESULT THAN TO POSTPONE THE DEBT SETTLEMENT.L

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PAGE 03 ACCRA 00348 181815Z

E. IN ONE CONVERSATION AT OFFICIAL LEVEL, THE IMPORTANCE OF TWO PERCENT INTEREST WAS STRESSED ALONG WITH FIRM STAND ON TEN-YEAR GRACE PERIOD. EMBASSY BELIEVES THAT CREDITORS MAY HAVE UNDERESTIMATED IMPORTANCE IN GOG EYES OF TWO RATHER THAN TWO-AND-A-HALF PERCENT. IT WAS POINTED OUT, HOWEVER, THAT CREDITORS FELT STRONGLY ABOUT AND WOULD NOT LIKELY AGREE TO COMBINATION OF TERMS WHICH WOULD IMPROVE GRANT ELEMENT FURTHER.

4. GIVEN CORDIAL NATURE OF RECEPTION GIVEN DR. ADAMS DURING
VISIT (REPORTED SEPTEL, WE CONSIDER ABOVE GOG ATTITUDE ON DEBT
A FURTHER INDICATION OF DESIRE TO MOVE AHEAD IN RESPONSIBLE
FASHION ON ITS VARIOUS ECONOMIC PROBLEMS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, GOVERNMENT DEBTS, DEVELOPMENT PROGRAMS, VISITS, FOREIGN ASSISTANCE, CONTRACTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ACCRA00348
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: ACCRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740133/aaaabeun.tel
Line Count: 120
Locator: TEXT ON-LINE
Office: ACTION AID
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 DEC 2002
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <23-Jul-2001 by maustmc, PRIVACY>; RELEASED <26 DEC 2002 by golinofr>; APPROVED <26 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEBT AND AID - VISIT OF DR. SAMUEL ADAMS, AID/W
TAGS: EFIN, PFOR, EAID, GH, US, (ADAMS, SAMUEL)
To: STATE LONDON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005